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FOR IMMEDIATE RELEASE

Terry Goddard Urges Broad Adoption of Mortgage Modification Programs

(Phoenix, Ariz. – October 9, 2008) Attorney General Terry Goddard today announced that he and other members of the State Foreclosure Prevention Working Group have called upon sub-prime mortgage servicers nationwide to adopt streamlined loan modification programs.

In a letter sent Tuesday to 16 of the nation's largest sub-prime mortgage servicers, Goddard and other Working Group members urged the companies to develop loan modification programs similar to the one being implemented by Countrywide as part of a multi-state settlement announced Monday.

The letter cites a report released by the Working Group on September 29 which noted that nearly eight out of 10 seriously delinquent homeowners are not on track for any loss mitigation outcome. The report concluded that, "The mortgage industry's failure to develop systematic approaches to prevent foreclosures has only spurred declines in property values and further increased expected losses on mortgage loan portfolios."

Working Group members further stated that loan modification programs such as Countrywide's provide substantial benefits to both homeowners and the economy overall. "Given the significant losses associated with foreclosures, and your fiduciary duty to maximize the return for your investors, we believe that every major servicer of sub-prime loans should adopt these types of programs as soon as possible. We believe that doing so is in the interests of homeowners, servicers, investors, and the economy at large," the letter said.

A copy of the letter, including a list of recipients, and the State Foreclosure Prevention Working Group's report released September 29 are available on the Attorney General's Web site, www.azag.gov. For more information, contact Anne Hilby at (602) 542-8019.

About the State Foreclosure Prevention Working Group

The State Foreclosure Prevention Working Group began as a cooperative dialogue of state officials and mortgage servicers in September 2007. Since October 2007, the Working Group has been collecting data from the largest subprime mortgage servicers, with 13 of the largest 20 servicers participating, representing approximately 60 percent of subprime mortgage loans serviced.

The State Foreclosure Working Group is led by representatives of the Attorneys General of 11 states (Arizona, California, Colorado, Iowa, Illinois, Massachusetts, Michigan, New York, North Carolina, Ohio and Texas), two state banking departments (New York and North Carolina) and the Conference of State Bank Supervisors.

The Group's first report was issued February 7, 2008, the second on April 22, 2008 and the third on September 29, 2008. Copies of all three reports are available at the Arizona Attorney General's Web site, www.azag.gov, as well as www.csbs.org and www.banking.state.ny.us.

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